THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI SALMAN KHURSHEED) : (a) and (b) India's trade deficit during 1991-92 amounted to Rs. 3835 crores or US $ 1355 million the lowest in a decade. India's trade deficit during the first six months of the current financial year, i.e., April-September 1992 amounted to Rs. 7485 crores or US $ 2622 million. The higher trade deficit during the current financial year was largely due to the increase in imports. The imports during April-September 1992 increased by 51.4% in rupee terms or by 22.3% in dollar terms. In this connection, it may be mentioned that the increase in import is, to a great extent, to compensate for a severe import compression during the financial year 1990-91 due to critical balance of payments situation.

(c) The figures of trade deficit month-wise during the period March-September 1992, along with the figures for the corresponding months of 1991 are given below :

(Value : Rs. crores)

Month	Trade Deficit	
	1991	1992
March	—198	+59
April	+105	—1244
May	—319	—1501
June	—825	—1765
July	—56	—1606
August	—419	—445
September	—301	—1035

Ban on the Export of Sandalwood

572. SHRI B. K. HARIPRASAD : Will the PRIME MINISTER be pleased to state :

(a) whether Government are aware that thousands of skilled traditional handicraft workers have been rendered jobless due to ban on export of sandalwood; and

(b) whether Government are also aware of the fact that considerable stocks of sandalwood have accumulated with the Government of Karnataka which will rot and go waste if the ban is not lifted immediately which will also hit the export trade and markets and the cottage industry ?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI SALMAN KHURSHEED) : (a) No, Sir. The export of sandalwood only in raw-form, namely, in the form of logs & billets, chips, flakes, dust, powder, pulp, charcoal, roots, shaving & bark is banned. Export of Sandalwood items i.e. Handicrafts and Machine-made products, etc. are allowed as per the new Exim Policy for 1992-97 subject to fulfilment of certain conditions of minimum value addition, maximum weight, etc. As such, the question of skilled traditional Handicraft workers being rendered jobless does not arise as exports of handicrafts continue to be permissible. Moreover the ban ensures that there is adequate supply of sandalwood to skilled traditional handicrafts workers.

(b) As mentioned at (a) above, there is a large domestic market and handicrafts and other finished products are allowed for exports. As such the available stocks can be utilised for value added finished products which will benefit the market and cottage industry and also boost export of finished products.

Expansion of leather industry

573. SHRI SURESH KALMADI : Will the PRIME MINISTER be pleased to state :

(a) whether it is a fact that Government propose to take steps for massive capacity expansion of leather industry in the country; and

(b) if so, the details thereof and the expectant results therefrom ?

THE MINISTER OF STATE IN THE MINISTRY OF INDUSTRY (DEPARTMENT OF INDUSTRIAL DEVELOPMENT) (SHRIMATI KRISHNA SAHI): (a) and (b) Government liberally permits licensing of new units and substantial expansion of existing units manufacturing finished leather in any permissible location so that good quality of finished leather is available for the manufacture of leather footwear and leather goods for exports. However, for the manufacture of items reserved for exclusive manufacture in the small scale sector i.e. leather footwear and other leather goods licensing of new units and substantial expansion of existing units is allowed in the organised sector subject to export obligation of 75% effective from the third year of commencement of commercial production.

Transfer of export promotion of auto Tyres and Tubes to Chemicals and Allied Products Export Promotion Council

574. SHRI SURESH KALMADI : Will the PRIME MINISTER be pleased to state :

(a) whether it is a fact that Government have issued orders to transfer the work relating to export promotion of auto tyres and tubes and rubber products back to the Chemicals and Allied Products Export Promotion Council; and

(b) if so, the reasons therefor particularly when the Rubber Board was assigned these functions only in March, 1992 ?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI SALMAN KHURSHEED) : (a) Yes, Sir.

(b) At the request of Rubber Board, it was earlier decided to transfer the work relating to export promotion of auto tyres, tubes and rubber products from the Chemicals and Allied Products Export Promotion Council (CAPEXIL) to the Board as it was felt that it would give an export orientation to the Rubber Board.

However, on representation from the industry against transfer of this work to the Rubber Board and their preference to continue association with CAPEXIL, the matter was re-examined. On reconsideration, it was felt that the Rubber Board is essentially an agency for promoting the production of rubber and for looking after the interests of rubber growers. Further, CAPEXIL has been looking after this work since long and has built up certain expertise in the export of these goods. It was, therefore, decided to transfer back the export promotion work to CAPEXIL.

Increase in Trade Deficit

575. SHRI KAMAL MORARKA : Will the PRIME MINISTER be pleased to state :

(a) whether it is a fact that trade deficit has increased by 150 per cent during April-August, 1992-93 against corresponding period in 1991-92;

(b) if so, what are the problem areas; and

(c) the steps being taken/proposed to be taken to augment exports ?

THE DEPUTY MINISTER IN THE MINISTRY OF COMMERCE (SHRI SALMAN KHURSHEED) : (a) Yes. India's trade deficit during April-August, 1992 amounted to US $ 2301 million as compared to US $ 919 million during April-August, 1991, thereby registering an increase of 150.3 per cent.

(b) The increase in the trade deficit during the period April-August, 1992 was largely due to increase in imports. During this period, imports increased by 22.2 per cent, as compared to the corresponding this period, imports increased by 22.2 be recalled that there was a severe import compression during the financial year 1991-92, due to critical balance of payments situation. The increase in imports this year is, to a great extent, to compensate for this.

(c) Several changes in trade policy were introduced since July, 1991 aimed at strengthening export incentives, eliminating a substantial volume of import licensing and rationalising the import tariff structure. Rupee has been made partially convertible to encourage generation